



# Department of Justice

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MONDAY, MARCH 14, 2005  
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## **EDWARD WEDELSTEDT, OTHERS INDICTED ON OBSCENITY, RACKETEERING AND TAX CHARGES**

WASHINGTON, D.C. – The Department of Justice, the Department of Homeland Security's U.S. Immigration and Customs Enforcement, and the Internal Revenue Service announced today that a federal grand jury in Dallas, Texas, has returned a 23-count indictment naming Edward Joseph Wedelstedt of Littleton, Colorado, six other individuals and Colorado-based Goalie Entertainment Holdings, Inc., on racketeering, obscenity and tax charges related to the operation of dozens of video arcades featuring pornographic materials across the United States.

Named in the indictment are: Wedelstedt; Goalie Entertainment Holdings, Inc.; Vivian Lee Schoug of Littleton, Colorado; Arthur Morris Boten of Des Moines, Iowa; James Randal Martinson of Memphis, Tennessee; Jeffrey Mark Parrish of Denver, Colorado; Leroy Moore, Sr. of Arlington, Texas; and Beverly Kay Van Dusen of Arlington, Texas.

The indictment charges racketeering, in violation of 18 U.S.C. 1962(c), conspiracy to engage in the business of selling and transferring obscene material, in violation of 18 U.S.C. 371, engaging in the business of selling and transferring obscene matter, in violation of 18 U.S.C. 1466, the interstate transportation and sale of obscene materials, in violation of 18 U.S.C. 1462 and 1465, and conspiracy to defraud the United States in the ascertainment and collection of taxes, in violation of 18 U.S.C. 371.

The indictment alleges that Edward J. Wedelstedt, through his wholly owned corporation, Goalie Entertainment Holdings, Inc., owns numerous pornographic bookstores in 18 states. It is alleged that these bookstores consist of a front room in which pornographic videos, magazines and sexually oriented products can be purchased, and a back room video arcade in which customers pay to view pornographic videotapes. The indictment further alleges that Wedelstedt and Goalie Entertainment Holdings, Inc. contract with numerous owners of other pornographic bookstores to provide arcade services in exchange for a percentage of the revenue. Wedelstedt, his company and co-defendants, it is alleged, have conducted a criminal enterprise with the principal aims of distributing obscenity and mailing fraudulent sales tax returns. The indictment also charges that Wedelstedt, Schoug and Goalie Entertainment Holdings, Inc. conspired to defraud the United States by not reporting large sums of cash income from businesses they owned and operated.

Specifically named in the indictment are six videotapes and DVDs found by the grand jury to be obscene. These videos and DVDs can be generally described as hard-core pornography with patently offensive depictions of adults performing sexual conduct.

"These charges allege that the defendants ran a criminal enterprise that pandered obscene materials throughout the United States," said Assistant Attorney General Christopher A. Wray of

the Criminal Division. "Effective use of law enforcement's full arsenal is essential to stop purveyors of obscenity from distributing their offensive and degrading material."

Richard B. Roper, United States Attorney for the Northern District of Texas, said, "This indictment is a result of excellent cooperation between federal, state, and local law enforcement. Federal prosecutors in Washington, Dallas and Austin, along with prosecutors with the Dallas District Attorney's Office, teamed up to tackle a nationwide organization which, the indictment alleges, was devoted to the distribution of degrading obscene material."

"IRS Criminal Investigation aggressively investigates violations of the tax laws and other related federal crimes. We work with our partners in law enforcement to build stronger cases against individuals and corporations who choose to disobey the federal laws," stated Nancy J. Jardini, Chief, IRS Criminal Investigation. "The prosecutions of individuals who intentionally conceal income and evade taxes is a vital element in maintaining public confidence in our tax system."

"The investigation leading to today's indictment exemplifies a true team effort," said Marcy Forman, Director of Investigations for U.S. Immigration and Customs Enforcement. "Our coordinated pursuit and investigative expertise in money laundering, criminal interstate trafficking and tax fraud has uncovered the individuals who distributed obscene material while engaging in federal tax crimes related to their illicit profits."

Each count charging substantive obscenity violations, tax fraud and conspiracy carries a maximum penalty of five years in prison and a \$250,000 fine. The racketeering count carries a maximum penalty of 20 years in prison and a fine of \$250,000. The United States also seeks forfeiture of the assets related to the offenses pursuant to 18 U.S.C. 1467 and 1963.

The case is being prosecuted by Trial Attorneys Ben Vernia, Steve Grocki and Alexandra Gelber of the Child Exploitation and Obscenity Section, Criminal Division, Department of Justice; Assistant U.S. Attorney Linda Groves and Special Assistant U.S. Attorney Tim Gallagher, United States Attorney's Office for the Northern District of Texas; and Trial Attorney Bob Kemins of the Tax Division, Department of Justice. The case has also been assisted by the Asset Forfeiture and Money Laundering Section and the Organized Crime and Racketeering Section, Criminal Division, Department of Justice. The case was investigated by U.S. Immigration and Customs Enforcement and the IRS Criminal Division.

The charges contained in the indictment are merely allegations. All defendants are presumed innocent until and unless convicted in a court of law.

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